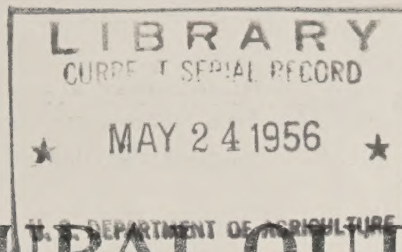


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Drought cut the corn and sorghum crops sharply in August, but there still will be plenty of feed on hand for 1955-56.

Supplies of each of the 4 feed grains--production plus carryover--will be highest on record, according to early September estimates. The total supply is expected to be at 169 million tons, a tenth above last year's high. Production is set at 129 million tons, up 7 million from last year but short of the 1948 peak of 135 million. Stocks on October 1 are expected to total a record 40 million tons, about 30 million of which will be under price support.

About 26 million tons of byproduct feeds, wheat and rye are expected to be available for livestock this season, bringing the total feed concentrate supply to 195 million, 9% above last year's record. Although the number of grain consuming livestock is expected to increase, supply of feed per animal unit also will be a record.

Big supply in prospect pushed feed grain prices lower in July and August. Index for August was 15% below year earlier ... lowest since 1950. Oats, barley and sorghums went down seasonally but corn prices usually rise at this time of year. High protein feeds also are down ... a fourth below a year ago on the average.

The drop in feed prices has improved feeding ratios for dairy and poultry producers. The hog-corn ratio in August was below a year ago but still near the long-time average.

Soybeans also suffered from August heat and drought. But even though the forecast was cut sharply, a record crop still is in prospect. Other crops were affected less severely and several improved.

While August weather erased the possibility of record crop output this year, total is likely to be second largest. Increasing livestock production probably will push overall farm output about 3% above the 1954 record.

Much of the effect of heavy farm production on farmers' prices apparently has taken place. However, some further declines may occur as harvest progresses. In the first 8 months of this year, prices received by farmers averaged 4% less than in the same period of 1954.

LIVESTOCK. Slaughter of hogs the rest of 1955 probably will top a year earlier by a tenth or more. Last spring's crop, now coming to market, was 9% above 1954 and was farrowed earlier. Prices for hogs probably will continue downward seasonally and will remain well below last fall.

Marketings of fed cattle this fall probably will continue above last year. Heavy sales prevented the usual seasonal price rise through August but some increase is likely this fall. Grass cattle marketings are expected to be at or above a year ago. Not much change in feeder prices is in prospect.

POULTRY AND EGGS. Broiler prices continue above a year ago, despite higher production. Output in late summer and early fall has been running about 15% above a year earlier but at least a third of this gain has been offset by reduced sales of cockrels from laying flocks.

Marketings of turkeys early this season are running below a year ago and prices are higher. Sales probably will continue to lag behind 1954 for another month or so. Later in the season, slaughter of heavy turkeys will rise to near the level of last year.

Egg production, now increasing seasonally, will rise more gradually than last year. The supply will contain a smaller proportion of small eggs because of fewer pullets in the laying flock.

DAIRY. Price relations are generally more favorable to dairying than a year ago. With prices for milk a little higher than last year and feed down sharply, the milkfeed ratio for July and August was above the long-time average for the first time since 1952. Dairy prices also compare more favorably with hogs and beef though they remain below average.

Improved price relationships may lead to some expansion in milk production by late 1955 or early 1956. Output the first 8 months of this year was about the same as in that period of 1954.

OILSEEDS. Soybean supplies for 1955-56 are estimated at a record 395 million bushels. About 300 million are likely to be used in the U.S. Exports probably will exceed the 1954-55 high of about 60 million. Stocks will increase but the carryover on October 1, 1956 is not likely to be excessive.

Cottonseed production this year is likely to be down about 7% from 1954. But the large soybean crop and increased production of lard will push output of food fats to a new record. However, a sharp reduction in stocks will hold the total supply at about the 1954-55 level.

WHEAT. Peak movement of the wheat crop has passed and prices have strengthened. The September 1 forecast placed this year's crop at 917 million bushels, 6% below 1954.

FRUIT. Heavy marketings from the larger 1955 crop lowered average fruit prices in August about 9% below a year earlier. Prices in early fall are likely to continue under the unusually high level of 1954.

Commercial apple and pear production this year will about equal last. The grape crop is up a fifth and the peach crop down the same amount. The total for all deciduous fruits probably will be above last year but a little below average.

COTTON. The 24 million bale supply estimated for 1955-56 is the largest in 16 years. It includes the 1955 crop forecast at 12.8 million running bales, a carryover of 11.1 million and imports of 100,000. The CCC held about 8.1 million bales of the carryover.

VEGETABLES. Producers of fresh vegetables can look for this fall's prices to average at least up to 1954 level. Demand is firm and output of the important crops is expected to be 7% smaller.

Among the early fall crops, smaller production is expected for cabbage, carrots, celery and lettuce. Larger crops than last year are likely for snap beans, cauliflower, cucumbers, and tomatoes.

Potato prospects declined during August but the late crop of 313 1/2 million bushels is still 9% above last year. Prices are likely to continue well below a year earlier. The August average was near a half below a year earlier and lowest for the month since 1941.

TOBACCO. Supplies of flue-cured for 1955-56 are a record while the burley supply is only a little below last year's high. Disappearance of both types is expected to be above 1954-55. Sales for foreign currency will boost flue-cured exports.